

Message Text

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PAGE 01 CAIRO 09307 251258Z
ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 /026 W
-----130333 251353Z /46
P 251252Z MAR 78
FM AMEMBASSY CAIRO
TO SECSTATE WASHDC PRIORITY 7173
INFO AMEMBASSY JIDDA

C O N F I D E N T I A L CAIRO 09307

EXDIS

E.O. 11652: GDS
TAGS: MASS, EG, SA, TC, US, KU
SUBJECT: FUNDING OF C-130'S FOR EGYPT

REF: STATE 76877

1. GAMASY HAS CONFIRMED TO ME THAT SAG WAS SOURCE OF \$11.6 MILLION DOWN PAYMENT FOR NEW C-130 PROGRAM AND HIS BELIEF, BASED ON SADAT'S JUDGMENT, THAT SAG WILL ALSO FINANCE BALANCE. IN CASE OF INITIAL DOWN PAYMENT, THIS WAS TAKEN FROM MONIES WHICH SAG HAD ALREADY TURNED OVER TO GOE FOR MILITARY PURCHASES. THIS ALLOWED GOE MAKE DOWN PAYMENT DIRECTLY. GAMASY IS UNCERTAIN HOW SAG WILL HANDLE SUBSEQUENT C-130 PAYMENTS.

2. THAT QUESTION IS IN ANY CASE IN ABEYANCE FOR THE MOMENT PENDING A GOE DECISION ON WHICH DELIVERY OPTION IT CHOSE TO TAKE. DURING M/G MC INERNEY'S VISIT, HE INDICATED THAT LOCKHEED CLAIMS A THIRD ACCELERATED OPTION IS POSSIBLE, I.E., ONE CALLING FOR DELIVERY OF EIGHT C-130'S IN 1978 BEGINNING IN AUGUST. THIS THIRD ALTER-NATIVE WOULD REQUIRE INCREASE IN FRONT-END FINANCING.

3. IN AN EFFORT TO OBTAIN CLEAR GOE DECISION, I HAVE
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SENT A LETTER TO GAMASY OUTLINING THE THREE OPTIONS AND THE COST ASPECTS OF EACH. I TOLD HIM AT A RECEPTION THE OTHER EVENING THAT SUCH A LETTER HAD BEEN SENT AND URGED THAT HE MAKE A DECISION SOONEST AS TO WHICH OPTION GOE WISHES TO TAKE. BASED ON SUCH A DECISION, GOE COULD ALSO PLAN MORE ACCURATELY HOW FINANCING ARRANGEMENTS SHOULD BE HANDLED. GAMASY UNDERTOOK STUDY THE THREE OPTIONS ASAP

AND GIVE US A REPLY.

4. WILL FOLLOW UP AS APPROPRIATE. EILTS

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Message Attributes

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